



# HOUSE BILL No. 5105

(As amended February 24, 2016)

December 1, 2015, Introduced by Rep. Pscholka and referred to the Committee on Appropriations.

A bill to amend 2011 PA 142, entitled  
"Health insurance claims assessment act,"  
by amending sections 3 and 7 (MCL 550.1733 and 550.1737), section 3  
as amended by 2014 PA 162; and to repeal acts and parts of acts.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 3. (1) For dates of service beginning on or after January  
2   1, 2012 and ending on June 30, 2014, subject to subsections (2),  
3   (3), and (4), there is levied upon and there shall be collected  
4   from every carrier and third party administrator an assessment of  
5   1% on that carrier's or third party administrator's paid claims.  
6   For dates of service beginning on or after July 1, 2014 and ending  
7   on ~~December 31, 2017,~~ **<<JULY 1, 2020,>>** subject to this  
8   subsection and subsections (2), (3), and (4), there is levied upon  
9   and there shall be collected from every carrier and third party  
10  administrator an assessment of 0.75% on that carrier's or third

House Bill No. 5105 as amended February 24, 2016

1 party administrator's paid claims. For dates of service beginning  
2 on or after July 1, 2014 and ending on ~~December 31, 2017,~~ <<JULY  
3 1, 2020>> subject to this subsection and subsections (2), (3), and  
4 (4), the assessment levied under this subsection will increase to  
5 1.0% if the federal government informs this state that the use tax  
6 revenues assessed on entities under section 3f of the use tax act,  
7 1937 PA 94, MCL 205.93f, will not be federally reimbursed. If the  
8 assessment is increased as provided in this subsection, the  
9 increased assessment levied is effective on the date that the  
10 federal government informs this state that the revenue collected  
11 from the use tax assessed on ~~medicaid~~-**MEDICAID** managed care  
12 organizations under section 3f of the use tax act, 1937 PA 94, MCL  
13 205.93f, will not be federally reimbursed. For the purposes of this  
14 subsection, a fiscal quarter begins on the first day of January,  
15 April, July, or October.

16 (2) A carrier with a suspension or exemption under section  
17 3717 of the insurance code of 1956, 1956 PA 218, MCL 500.3717, on  
18 September 20, 2011 is subject to an assessment of 0.1%.

19 (3) All of the following apply to a group health plan that  
20 uses the services of a third party administrator or excess loss or  
21 stop loss insurer:

22 (a) A group health plan sponsor is not responsible for an  
23 assessment under this section for a paid claim if the assessment on  
24 that claim has been paid by a third party administrator or excess  
25 loss or stop loss insurer, except as otherwise provided in section  
26 3a(2) .

27 (b) Except as otherwise provided in subdivision (d), the third

House Bill No. 5105 as amended December 8, 2015

1 party administrator is responsible for all assessments on paid  
2 claims paid by the third party administrator.

3 (c) Except as otherwise provided in subdivision (d), the  
4 excess loss or stop loss insurer is responsible for all assessments  
5 on paid claims paid by the excess loss or stop loss insurer.

6 (d) If there is both a third party administrator and an excess  
7 loss or stop loss insurer servicing the group health plan, the  
8 third party administrator is responsible for all assessments for  
9 paid claims that are not reimbursed by the excess loss or stop loss  
10 insurer and the excess loss or stop loss insurer is responsible for  
11 all assessments for paid claims that are reimbursable to the excess  
12 loss or stop loss insurer.

13 (4) The assessment under this section shall not exceed  
14 \$10,000.00 per insured individual or covered life annually.

15 (5) To the extent an assessment paid under this section for  
16 paid claims for a group health plan or individual subscriber is  
17 inaccurate due to subsequent claim adjustments or recoveries,  
18 subsequent filings shall be adjusted to accurately reflect the  
19 correct assessment based on actual claims paid.

20 [(6) Through June 30, 2014, if the assessment under this  
21 section collects revenue in an amount greater than \$400,000,000.00,  
22 adjusted annually by the medical inflation rate since 2011, each  
23 carrier and third party administrator that paid the assessment  
24 shall receive a proportional credit against the carrier's or third  
25 party administrator's assessment in the immediately succeeding  
26 year. Beginning July 1, 2014, if the sum of the assessment under  
27 this section and the portion of the use tax assessed on entities

House Bill no. 5105 as amended December 8, 2015  
1 under section 3f of the use tax act, 1937 PA 94, MCL 205.93f, that  
2 is dedicated to the general fund, less the general fund amount  
3 necessary to reimburse those entities for the cost of the use tax,  
4 is greater than \$400,000,000.00, as adjusted annually by the  
5 medical inflation rate since 2011 but not to exceed an amount  
6 greater than \$450,000,000.00, each carrier and third party  
7 administrator that paid the assessment shall receive a proportional  
8 credit against the carrier's or third party administrator's  
9 assessment in the immediately succeeding year. The department shall  
10 send a notice of credit to each carrier or third party  
11 administrator entitled to a credit under this subsection not later  
12 than July 1. A carrier or third party administrator entitled to a  
13 credit under this subsection shall apply that credit to the July 30  
14 payment. Any unused credit shall be carried forward and applied to  
15 subsequent payments. If a carrier or third party administrator  
16 entitled to a credit under this subsection has no liability under  
17 this act in the immediately succeeding year or if this act is no  
18 longer in effect, the department shall issue that carrier or third  
19 party administrator a refund in the amount of any unused credit. If  
20 a third party administrator receives a credit or refund under this  
21 subsection, the third party administrator shall apply that credit  
22 or refund to the benefit of the entity for which it processed the  
23 claims under a service contract.]

24       Sec. 7. (1) All money received and collected under this act  
25 shall be deposited by the department in the health insurance claims  
26 assessment fund established in this section.

27       (2) The health insurance claims assessment fund is created

House Bill No. 5105 as amended December 8, 2015

within the department.

(3) The state treasurer may receive money or other assets from any of the following sources for deposit into the fund:

(a) Money received by the department under this act.

(b) Interest and earnings from fund investments. The state treasurer shall direct the investment of the fund. The state treasurer shall credit to the fund interest and earnings from fund investments.

(c) Donations of money made to the fund from any source.

(4) Money in the fund at the close of the fiscal year shall remain in the fund and shall not lapse to the general fund. ~~and shall remain available after this act is repealed January 1, 2014 to pay any remaining credits or refunds due under section 3(6) until all pending appeals and claims are resolved.~~

(5) Except as otherwise provided in this act, the department shall transfer money from the fund, upon appropriation in the respective departments, only [for the following:

(a) To ] finance the expenditures of ~~medicaid~~ **MEDICAID** managed care organizations that include ~~medicaid~~ **MEDICAID** contracted health plans and specialty prepaid health plans.

[(b) To pay any credits or refunds due under section 3(6).]

Enacting section 1. Enacting section 2 of 2011 PA 142, as amended by 2013 PA 58, is repealed.

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